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Electronics Waste and Spent Lead Acid Batteries Capacity Building Workshop
4-6 December 2007: Tijuana, Mexico

Title of presentation: Certification Programs for Electronic Scrap Recycling

I'm from ISRI, and we're a trade association out of Washington, D.C., and essentially, we advocate on behalf of the scrap recycling industry at the international level, at the national level, and the state and local level. I wanted to, since many of you are pondering whether you should get into the electronics side of the business, I thought it might be prudent to take a few slides to talk about the bigger picture of the scrap recycling industry, some of the key policies that are driving the association and the industry, and then jump into the certification process.

The scrap industry has been a long-standing industry. It's been developing well over the last 100 years. Most of the industry started out at humble beginnings with folks picking up things that nobody wanted, primarily metals. We've evolved now. We processed over 150 million tons of scrap material in 2006. We're considering a $55 billion industry. This ship (on slide), of course, represents the globalization, that these commodities are international, tradable commodities, specification-grade quality.

What does ISRI do? We have over 1,500 member companies, over 3,000 facilities that process metals, plastic, paper, electronics, and tires and rubber. We do a lot. It's important to keep in mind that at the end of this process, what we're really talking about is trading industrial-grade commodities, and they break down fairly neatly into tradable specifications, and you can see some of the broader numbers of the materials that we're exporting out of the United States in the industry at whole. So you have your iron and steel, your aluminum, your copper, your lead and stainless and so forth. We also have our paper and tires and electronics. Generally speaking, it's about a million tons of electronics. Difficult number to quantify, but that's a rough estimate. So there are 150 million tons of scrap material are moving around in a tradable capacity.

Some of the key policies that are driving the association and may have eventual impacts on the industry, at least we hope so: so quickly, **the electronics recycling center**. It's the fastest-growing sector in the scrap industry. We also have a very longstanding tradition of free and fair trade, a concept of the congressional recycling caucus that we've established to help advocate our positions, Design for Recycling, of course, our certification program. The voice of the scrap electronics industry in our association in Washington, D.C., we have been trying to create a governance system inside the association to represent many of you who are getting into the electronics side of the business. We have a council. We have over 350 active members participating in electronics. We've developed electronics scrap specifications, so you have some sort of mechanism to communicate when you're trading these materials across boundaries and nation states. We also have developed a concept called RIOS, which is our Recycling Industry Operating Practices.

Okay, so **free and fair trade**. Despite what many will tell you, trade is a good thing. It's not a bad thing. Export is a good thing. If you follow these commodities and products around the world, they're everywhere. Everybody wants electronics. Everybody wants products. They're moving around the world. When they enter into the recycling stream, you have to process them, and that processed material then needs to move to a price structure, wherever you can get the best price. So internationally trading these commodities keeps the market strong, vibrant, and true to a true, if you will, supply-and-demand model. Our guys are historically known for surviving good times, bad time, war times, etc. They know the market, they try to stay true to it. These are the countries that we trade to. You can see the top 20 represent 96% of the market, but we're trading to over 100 countries in the world, scrap material.

A couple of key points. In the NAFTA countries, we're looking about $2.5 billion to Canada, but almost a billion dollars to Mexico. The key point here is the nonferrous metals is 66% of the materials that's moving to those two countries. To Asia, $6.5 billion worth of scrap material being exported to Asia. That's significant. It's driving the market. It's probably the most significant aspect of keeping the copper prices where they are. This sector is being supported by the price of copper, some can argue. Okay, South America. They've got a lot of natural resources down there, but it's a potential market. 44% of the material is paper.

The US Recycling Caucus is a tool that we've developed in the US congress that we can come as an association, represent our interest as recyclers, and educate and try to advocate on behalf of scrap recyclers. This is an important mechanism, as all of you have mentioned her today. How do you influence your government? How do you tell them what you need, give them the realities of your businesses? For us, this is one of the steps we've taken. We have 23 senators in the US senate, and generally 109 in the US congress. Design for Recycling, a concept that we go to the OEMs out there, and say, "We want to work with you. We have issues."

At the end of the day, keep in mind that we are the ones that are being asked to recycle these materials. We have to work through these hazardous constituents: the mercury, the beryllium, the cadmium. Maybe there's a better way. Maybe we can change that behavior and make these products easier to recycle. In 2006, we gave this award to Hewlet Packard for some of their design changes and their improvements in making their materials more easy to recycle.

So what we're really here to talk about, RIOS. RIOS is the Recycling Industry Operating Standard, and what it really is is exactly what it says. It was an effort by the industry for the industry to take us all to the next level. What we're seeing is our customers want some sort of guarantee that we're recycling these materials responsibly, and so we went out as an association and took the best concepts with the best systems. You'll see ISO 14001. Who's heard of ISO 14001 in the audience? ISO 14001 is a management system that helps you manage your environmental issues, okay? ISO 9001 helps you manage the quality of the material you're recycling, and OHSAS 1801 is a process to help you manage your health and safety issues. What we did with RIOS is we took the best components of those three systems, integrated them into one management system that's more affordable for the recyclers.

So here are the benefits. This is really what it's all about. When you're asked to say, "How do I justify the cost of a management system?" these are the concepts that you're going to want to walk through. Does it improve my environmental performance? Does it improve my safety performance? Does it help me with the regulations? We have international regulations, we have state regulations, municipal regulations. A lot of people are telling us how to behave in the market. This is a system designed to help manage all that information. Most importantly, does it increase efficiency? Can it actually improve your bottom line? Most would argue that it can. How does it do that? Well, it enables you a consistent quality at the back end of your process, and you can go to your customer base and say, "I'm going to give you this specified-grade commodity over and over again." And it makes your process more reliable. It gives confidence to your customers.

RIOS is structured in two components: the standard itself, which is actually pretty simple, about 12 or 15 pages. It gives you some generic management system requirements, and there's an implementation package that accompanies that document, that actually starts helping your facility walk through the steps necessary to implement the management system. The six key components of RIOS, very simple: general requirements, policy planning, what is your ultimate goal in your operations? Have you gone through a step-by-step process? Defined that, thought through that process? What's your plan? How are you going to conduct your business? Do you know? Do your workers, do your employees know? Is there somewhere they can read it? Is everybody on the same page? Implementation: how do you implement that plan over and over again consistently? Checking and corrective action.

Perhaps the most important element of any good management system is that the management system doesn't guarantee that you're in compliance 100% of the time, but it allows you to have a system in place at your facility for corrective action, so you're trying to continually improve your behavior, and over time, that will benefit your entire company, your reputation, and so forth. This is the national provision in RIOS, and it's a requirement that member companies shall establish a process to identify the actual potential environmental impacts on health and safety risks. For example, if you have this type of behavior at your yard, no need to panic, okay? When I look at this picture, I see, well, this guy's got product, okay? He's got boards, he has work. It's a good thing, but maybe there are some issues that we can improve on. Not sure he has shoes on. Not sure this is the safest workplace for his environment. There are some obvious improvements that we can make here, but when you look at this picture, try not to think of it as a negative, okay? This guy has a job. The market matters when you're hungry, okay? So the management system helps work through some of these issues.

So the RIOS implementation package is basically the tools how you actually get there, and it's a series of Excel spreadsheets that basically give you a toolbox of checklists that help you work through action items and how you track your materials and your behavior. The master tool, if you will, leads to a checklist for all of those issues: quality issues, environmental issues, health and safety issues. Perhaps most important to the regulatory community, it also gives you a tool to define, recognize, and then try to comply with the regulatory requirements, so it's a system that can get all the laws in one place, and it puts it out in a spreadsheet, so you know what's going on. When something changes, you can change your management system.

So quality – this is ISRI's scrap specification circular. It has a list of specification requirements for all of our commodities from ferrous metal to nonferrous metal, scrap, paper, plastic, tire, rubber and electronics. Generally speaking, it's an internationally recognized spec sheet, so it's important. It's, again, how you communicate to your customer base. For example, this is ESM 2, copper-precious metals mix. This is a specification grade that you can communicate to your downstream customer. You can guarantee them over time with your management system that you're gonna hit that specification.

Let me give you another example. This is what we call "Dallas 5." Our guys came up with these terms, but this is your commodity. This is what it's all about, trying to remove the contaminants from that process. That's what you sell. That's how folks make their money, primarily in the scrap industry.

Here's another example – coarse mixed plastic and metal fraction. You get this specification depending on how you process your material, but this is what you're going to end up with this type of process, or you're not going make any money. And that's what we're in business for, and that's a good thing.

So how much does RIOS cost? Generally, speaking, there's an initial fee of $1,000-$2,000 per facility. You have some other expenses when it comes to consultant fees, auditor fees, and so forth. Now, I know that probably sounds like a lot, but it's a significant reduction to those ISO standards I talked to you about at the beginning of this presentation, 14001. 9001. OSHA's 18001. So from our perspective, from a recycling perspective, this is an affordable option, and again, why would you want a management system? Because your customer base, the folks, let's say, for example, you want to do business with someone from the United States, and they get their product from a bank or university, or an OEM, they're going to need assurances that you're doing the right thing, and this management system concept is a way to get there, and you can say, hey, look at me, I have a management system. These are the steps I'm taking to guarantee quality, environmental health and safety assurances.

Probably the most important part of RIOS is the auditing component, and our standard has been approved by ANAP, it's essentially the national accreditation board in the United States, so it's a significant accomplishment for the standard itself, because it puts a stamp of credibility on our standard, and I think this quote by the president of ANAB pretty much sums it up. RIOS is expected to save recyclers time and money by improving product quality, reducing accidents, and improving regulatory compliance.

Here's my information on the bottom (of slide), I'd be more than happy to help any of you get more familiar with the industry, get you materials by way of what we offer at the association, and I'll be around as well. Thank you.